

# LYNCHBURG CITY COUNCIL

## Agenda Item Summary

MEETING DATE: **June 8, 2004**

AGENDA ITEM NO.: **11**

CONSENT:

REGULAR: **X**

CLOSED SESSION:  
(Confidential)

ACTION: **X**

INFORMATION:

**ITEM TITLE: Adoption and Appropriation of the FY 2005 Operating and City Capital Budgets, Adoption of the FY 2005-2009 Capital Improvement Program, and amendments to the Code Sections relating generally to Ambulance Rates, Motor Vehicle License Fees, Tangible Personal Property, Real Estate, Meals and Amusement Tax Rates.**

**RECOMMENDATION:** Adopt and appropriate the FY 2005 Operating Budget, FY 2005 Capital Budget and the FY 2005-2009 Capital Improvement Program and amend City Code Sections relating generally to Ambulance Rates, Motor Vehicle License Fees; Tangible Personal Property, Real Estate, Meals and Amusement Tax Rates.

**SUMMARY:** Attached are three scenarios, discussed by City Council at its June 1, 2004 meeting for the FY 2005 General Fund Operating Budget that reflect options for changes to Personal Property Tax rates and the related General Fund Transfer to the Lynchburg Public Schools. Scenario A, which reflects decisions by City Council at its May 25, 2004 Work Session is considered the baseline for Scenarios B and C.

	<b>SCENARIO A</b>		<b>SCENARIO B</b>		<b>SCENARIO C</b>	
	<b>Baseline</b>					
<b>Personal Property Rate</b>	\$	3.70	\$	3.80	\$	3.90
<b>Changes to Revenues</b>						
Business Personal Property Tax	\$	-	\$	90,000	\$	180,000
Personal Property Tax	\$	-	\$	286,000	\$	572,000
<b>Changes to Expenditures</b>						
Transfer to Schools	\$	-	\$	350,000	\$	700,000
<b>Ending Balance</b>	\$	31,556	\$	57,556	\$	83,556
<b>Undesignated Fund Balance</b>		10%		10%		10%

The other FY 2005 Proposed Operating and Capital Budget amendments are as follows:

### Schools Operating Fund

The Schools Operating Fund has been amended by \$414,248 to reflect the beginning and ending fund balance designated in the General Fund. The Schools Operating Fund is further amended to include additional revenue from the State, and a 2% salary increase for staff and teachers. Each scenario reflects a change in the City's General Fund contribution to the Schools' operations budget.

### Airport Fund

The Airport Fund is amended to include a 2% salary increase for staff.

### Fleet Services Fund

The Fleet Services Fund has been amended by a \$12,010 reduction in Revenue to reflect adjustments to charges to Departments. The Fleet Services Fund is further amended to reflect an Increase in Debt Service Payments and a 2% salary increase for staff.

Water Fund

The Water Fund has been amended by \$128,044 to reflect an increase in Debt Service payments. The Water Fund is further amended to include a 2% salary increase for staff.

Sewer Fund

The Sewer Fund has been amended by \$97,397 to reflect an increase in Debt Service payments. The Sewer Fund is further amended to include a 2% salary increase for staff.

Solid Waste Fund

The Solid Waste Fund has been amended to include a 2% salary increase for staff.

Housing Opportunities, Medical Care, and Education (HOME) Ownership Program Fund

The HOME Fund has been amended by \$4,586 to reflect the actual grant award.

Regional Juvenile Detention Center Fund

The Regional Juvenile Detention Center Fund is amended to include a 2% salary increase for staff.

City, Federal, State Aid Fund

The City, Federal, State Aid Fund has been amended by \$27,698 to reflect corrections to revenue projections from the Federal government and a transfer from the General Fund; and the funding of the Community Gun Violence Program, and the Foster Parent Recruiting and Training Program.

Community Development Block Grant

The Community Development Block Grant fund has been amended by \$35,716 to reflect the actual grant award.

Capital Improvement Program

The FY 2005 Capital Improvement Program is increased \$5,800,000 to fully appropriate the E.C. Glass High School Renovation project.

PRIOR ACTION(S): March 9, 16, 23, 30 April 6, 13, 20, 27, May 25, June 1 2004 – City Council Work Sessions

April 6, 2004 – Public Hearing on the Proposed FY 2005 Budgets for City Government, Public Schools, Water, Sewer, Solid Waste, Airport and Other Funds, and the FY 2005 - 2009 Capital Improvement Program. Public Hearing on the proposed increase in Ambulance Rates; Motor Vehicle License Fees; and Tangible Personal Property, Real Estate, Meals and Amusement Tax Rates.

BUDGET IMPACT: See attached budget ordinances.

CONTACT(S): L. Kimball Payne, City Manager, 455-3990  
Bonnie Svrcek, Deputy City Manager, 455-3990  
Donna Witt, Assistant Finance Director, 455-3968

ATTACHMENT(S): Attachments A, B and C include outlined amendments to the FY 2005 Proposed General Fund Operating Budget, a schedule summarizing the budget balancing decisions, and Ordinances adopting and appropriating the FY 2005 Operating Budget, FY 2005 Capital Budget and the FY 2005-2009 Capital Improvement Program and amending City Code Sections relating generally to Ambulance Rates, Motor Vehicle License Fees, Tangible Personal Property, Real Estate, Meals and Amusement Tax Rates related to each scenario.

REVIEWED BY: lkp

	<u>Proposed Operating Budget</u>	<u>Adjustments</u>	<u>Revised Budget</u>
<b>Revenues and Use of Fund Balance</b>	\$128,107,461		\$128,707,666
Adjustments to Proposed Budget Projections		2,215,095	
<b>HB 599 Adjustment</b>		<b>236,356</b>	
<b>Changes in Funding for Constitutionals</b>		<b>56,378</b>	
<b>State Recordation Tax Adjustment</b>		<b>12,412</b>	
Amusement Tax Adjustment		(168,000)	
Business Personal Property Tax Adjustment		585,000	
<b>25 cent Reduction</b>		<b>(225,000)</b>	
Personal Property Tax Adjustment		(143,170)	
<b>25 cent Reduction</b>		<b>(715,000)</b>	
Meals Tax Adjustment		(626,720)	
Real Estate Tax Adjustment		(1,262,000)	
<b>3 cent Reduction</b>		<b>(946,500)</b>	
<b>Business License Tax Adjustment</b>		<b>24,521</b>	
<b>Total Revenues and Use of Fund Balance</b>	<b>\$128,107,461</b>	<b>(956,628)</b>	<b>\$127,150,833</b>
<b><u>Expenditures</u></b>			
Operations	\$83,257,140	\$426,367	\$83,683,507
<b>2% Salary Adjustment</b>		<b>\$918,492</b>	
<b>Adjustment for Commissioner of Revenue salaries</b>		<b>\$24,521</b>	
<b>Restoration of Group Life Holiday</b>		<b>(\$298,000)</b>	
<b>Restore Council Salary Increase</b>		<b>\$27,508</b>	
<b>Public Safety Employee Compensation</b>		<b>\$236,356</b>	
Debt Service	10,972,765	0	10,972,765
Schools-Operations	31,000,721	(2,323,428)	28,677,293
Economic Development Reserve	200,000	0	200,000
Reserve for Snow Removal, Streets and Bridges	250,000	0	250,000
Reserve for Contingencies	800,000	0	800,000
Capital Improvements	1,626,835	0	1,626,835
<b>Total Expenditures</b>	<b>\$128,107,461</b>	<b>(988,184)</b>	<b>\$127,119,277</b>
<b>Balance</b>		<b>\$31,556</b>	
<b>Increase in Fund Balance</b>		<b>(31,556)</b>	
<b>Final Balance</b>		<b>\$0</b>	

**BALANCING THE FY 2005 BUDGET**

**Revenues and Use of Fund Balance**

<i>Proposed Revenues (from the FY 2005 Proposed Operating Budget)</i>	\$	127,753,461
Use of Fund Balance	\$	354,000
<b>Total Proposed Revenues and Use of Fund Balance</b>	<b>\$</b>	<b>128,107,461</b>

*Adjustments: Revenue Summary (discussed at 4/13/04 Council Meeting)*

General Property Taxes	\$	128,468
Other Local Taxes ( <i>includes raising Personal Property for vehicles to \$4.00</i> )	\$	1,449,419
Use of Money and Property	\$	(40,253)
Charges for Services ( <i>includes increased Ambulance Fees</i> )	\$	448,727
State Non-Categorical Aid	\$	205,711
State Categorical Aid-Constitutional Offices	\$	173,023
State Categorical Aid-Grants ( <i>Budgeted incorrectly in the General Fund</i> )	\$	(150,000)
<b>Revised Revenues and Use of Fund Balance</b>	<b>\$</b>	<b>130,322,556</b>

**Expenditures, Reserves and Transfers**

<b>Proposed Expenditures and Transfers (from the FY 2005 Proposed Operating Budget)</b>	<b>\$</b>	<b>128,107,461</b>
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**Results of April 13, 2004 City Council Actions**

City Council: Defer salary increase	\$	(27,508)
Public Works: Restore funding for safety picnic and meals for employees attending training that extend beyond traditional meal times	\$	4,400
CASA	\$	10,557
GLTC (restore night service)	\$	53,240

**Results of April 13, 2004 City Council Actions (Adjustments and Corrections)**

Salary supplement for Building Inspectors based on certification(s)	\$	12,000
Correction: Reduce Police Cadet Program from 6 to 4 positions	\$	(55,000)
Correction: Double Budgeted Neighborhood Coordinator Position	\$	(46,000)
Adjustments to Council/Manager's Budget based on membership dues notifications	\$	6,617
Adjustments to Constitutional Offices based on Compensation Board Estimates	\$	16,372
Correction: Fleet Services Charges/Various Departments	\$	(4,284)
Adjustment: Region 2000 Regional Commission Dues	\$	(4,026)
Adjustment: Indigent Hospitalization	\$	1,159
Adjustment: General Fund transfer to City/Federal/State Aid	\$	(13,516)
Correction: Parks and Recreation position	\$	(7,279)
Adjustment: Restore Overtime:		

Police	\$	115,000
Animal Warden	\$	430
Emergency Communications	\$	26,676
Fire	\$	101,000
Opportunity House	\$	2,000
Crossroads House	\$	3,500
SPARC House	\$	1,000
Special Events	\$	60,000

Adjustment: Salary savings in Billings and Collections due to turnover	\$	(12,166)
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<b>Revised Expenditures</b>	<b>\$</b>	<b>128,351,633</b>
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<b>Revised Balance</b>	<b>\$</b>	<b>1,970,923</b>
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**April 20, 2004 Council Adjustments**

Restore Library Funding	\$	(141,240)
<b>Revised Balance</b>	<b>\$</b>	<b>1,829,683</b>

**April 27, 2004 Council Adjustments**

Increase admission tax from 5% to 7% rather than the Manager's Proposed from 5% to 10%	\$	(168,000)
Increase Business Personal Property from \$3.30 to \$3.95	\$	585,000
Increase Personal Property from \$3.30 to \$3.95 (\$.45 increase from Manager's proposed of \$3.50).	\$	(143,170)
Increase meals tax from 6.0% to 6.5% rather than the Manager's Proposed from 6.0% to 7.0%	\$	(626,720)
Increase real estate from \$1.11 to \$1.14 rather than Manager's proposed from \$1.11 to \$1.18	\$	(1,262,000)
Commonwealth Attorney: Funding for salary increases	\$	(40,955)
<b>Revised Balance</b>	<b>\$</b>	<b>173,838</b>

**May 24, 2004**

**Adjustments due to State Budget**

HB599 Funding Adjustment	\$	236,356
Changes in funding for Constitutional Officers	\$	56,378
VRS Group Life Holiday	\$	298,000
Schools	\$	2,771,794
State Recordation Tax Adjustment	\$	12,412
<b>Total Adjustments due to State Budget</b>	<b>\$</b>	<b>3,374,940</b>
<b>Ending Balance April 27, 2004</b>	<b>\$</b>	<b>173,838</b>

<b>Funds available for Council Allocation</b>	<b>\$</b>	<b>3,548,778</b>
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**May 25, 2004 Council Adjustments**

Public Safety Employee Compensation	\$	(236,356)
2% Salary Adjustment for City Employees	\$	(918,492)
2% Salary Adjustment for School Employees	\$	(1,148,366)
3 Cent reduction in Real Estate taxes	\$	(946,500)
25 cent reduction in Business Personal Property tax	\$	(225,000)
25 cent reduction in Personal Property tax	\$	(715,000)
Restore Council Salary Increases	\$	(27,508)
Reduce Schools Allocation for VRS savings	\$	700,000
<b>Revised Balance</b>	<b>\$</b>	<b>31,556</b>

**June 8, 2004**

Adjustment to Commissioner of Revenue Salaries Offset by Revenues		<b>0</b>
<b>Revised Balance</b>	<b>\$</b>	<b>31,556</b>

Attachment B  
Scenario B (3.80)

	<u>Proposed</u> <u>Operating</u> <u>Budget</u>	<u>Adjustments</u>	<u>Revised Budget</u>
<b>Revenues and Use of Fund Balance</b>	\$128,107,461		\$128,707,666
Adjustments to Proposed Budget Projections		2,215,095	
<b>HB 599 Adjustment</b>		<b>236,356</b>	
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<b>State Recordation Tax Adjustment</b>		<b>12,412</b>	
Amusement Tax Adjustment		(168,000)	
Business Personal Property Tax Adjustment		585,000	
<b>15 cent Reduction</b>		<b>(135,000)</b>	
Personal Property Tax Adjustment		(143,170)	
<b>15 cent Reduction</b>		<b>(429,000)</b>	
Meals Tax Adjustment		(626,720)	
Real Estate Tax Adjustment		(1,262,000)	
<b>3 cent Reduction</b>		<b>(946,500)</b>	
<b>Business License Tax Adjustment</b>		<b>24,521</b>	
<b>Total Revenues and Use of Fund Balance</b>	<b>\$128,107,461</b>	<b>(580,628)</b>	<b>\$127,526,833</b>
<b><u>Expenditures</u></b>			
Operations	\$83,257,140	\$426,367	\$83,683,507
<b>2% Salary Adjustment</b>		<b>\$918,492</b>	
<b>Adjustment for Commissioner of Revenue salaries</b>		<b>\$24,521</b>	
<b>Restoration of Group Life Holiday</b>		<b>(298,000)</b>	
<b>Restore Council Salary Increase</b>		<b>\$27,508</b>	
<b>Public Safety Employee Compensation</b>		<b>\$236,356</b>	
Debt Service	10,972,765	0	10,972,765
Schools-Operations	31,000,721	(1,973,428)	29,027,293
Economic Development Reserve	200,000	0	200,000
Reserve for Snow Removal, Streets and Bridges	250,000	0	250,000
Reserve for Contingencies	800,000	0	800,000
Capital Improvements	1,626,835	0	1,626,835
<b>Total Expenditures</b>	<b>\$128,107,461</b>	<b>(638,184)</b>	<b>\$127,469,277</b>
<b>Balance</b>		<b>\$57,556</b>	
<b>Increase in Fund Balance</b>		<b>(57,556)</b>	
<b>Final Balance</b>		<b>\$0</b>	

**BALANCING THE FY 2005 BUDGET**

**Revenues and Use of Fund Balance**

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State Categorical Aid-Grants <i>(Budgeted incorrectly in the General Fund)</i>	\$	(150,000)
<b>Revised Revenues and Use of Fund Balance</b>	<b>\$</b>	<b>130,322,556</b>

**Expenditures, Reserves and Transfers**

<b>Proposed Expenditures and Transfers (from the FY 2005 Proposed Operating Budget)</b>	<b>\$</b>	<b>128,107,461</b>
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**Results of April 13, 2004 City Council Actions**

City Council: Defer salary increase	\$	(27,508)
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CASA	\$	10,557
GLTC (restore night service)	\$	53,240

**Results of April 13, 2004 City Council Actions (Adjustments and Corrections)**

Salary supplement for Building Inspectors based on certification(s)	\$	12,000
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Adjustment: Restore Overtime:		
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Opportunity House	\$	2,000
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SPARC House	\$	1,000
Special Events	\$	60,000
Adjustment: Salary savings in Billings and Collections due to turnover	\$	(12,166)
<b>Revised Expenditures</b>	<b>\$</b>	<b>128,351,633</b>
<b>Revised Balance</b>	<b>\$</b>	<b>1,970,923</b>

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**April 20, 2004 Council Adjustments**

Restore Library Funding	\$	(141,240)
<b>Revised Balance</b>	<b>\$</b>	<b>1,829,683</b>

**April 27, 2004 Council Adjustments**

Increase admission tax from 5% to 7% rather than the Manager's Proposed from 5% to 10%	\$	(168,000)
Increase Business Personal Property from \$3.30 to \$3.95	\$	585,000
Increase Personal Property from \$3.30 to \$3.95 (\$.45 increase from Manager's proposed of \$3.50).	\$	(143,170)
Increase meals tax from 6.0% to 6.5% rather than the Manager's Proposed from 6.0% to 7.0%	\$	(626,720)
Increase real estate from \$1.11 to \$1.14 rather than Manager's proposed from \$1.11 to \$1.18	\$	(1,262,000)
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<b>Revised Balance</b>	<b>\$</b>	<b>173,838</b>

**May 24, 2004**

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<b>Total Adjustments due to State Budget</b>	<b>\$</b>	<b>3,374,940</b>
<b>Ending Balance April 27, 2004</b>	<b>\$</b>	<b>173,838</b>

<b>Funds available for Council Allocation</b>	<b>\$</b>	<b>3,548,778</b>
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Reduce Schools Allocation for VRS savings	\$	700,000
<b>Revised Balance</b>	<b>\$</b>	<b>31,556</b>

**June 8, 2004 Council Adjustments**

10 cent increase in Personal Property tax	\$	286,000
10 cent increase in Business Personal Property tax	\$	90,000
Increase funding to schools	\$	(350,000)
Adjustment to Commissioner of Revenue Salaries Offset by Revenues		<b>0</b>
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	<u>Proposed Operating Budget</u>	<u>Adjustments</u>	<u>Revised Budget</u>
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<b>5 cent Reduction</b>		<b>(45,000)</b>	
Personal Property Tax Adjustment		(143,170)	
<b>5 cent Reduction</b>		<b>(143,000)</b>	
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**BALANCING THE FY 2005 BUDGET**

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**Expenditures, Reserves and Transfers**

<b>Proposed Expenditures and Transfers (from the FY 2005 Proposed Operating Budget)</b>	<b>\$</b>	<b>128,107,461</b>
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**Results of April 13, 2004 City Council Actions**

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Increase meals tax from 6.0% to 6.5% rather than the Manager's Proposed from 6.0% to 7.0%	\$	(626,720)
Increase real estate from \$1.11 to \$1.14 rather than Manager's proposed from \$1.11 to \$1.18	\$	(1,262,000)
Commonwealth Attorney: Funding for salary increases	\$	(40,955)
<b>Revised Balance</b>	<b>\$</b>	<b>173,838</b>

**May 24, 2004**

**Adjustments due to State Budget**

HB599 Funding Adjustment	\$	236,356
Changes in funding for Constitutional Officers	\$	56,378
VRS Group Life Holiday	\$	298,000
Schools	\$	2,771,794
State Recordation Tax Adjustment	\$	12,412
<b>Total Adjustments due to State Budget</b>	<b>\$</b>	<b>3,374,940</b>
<b>Ending Balance April 27, 2004</b>	<b>\$</b>	<b>173,838</b>

<b>Funds available for Council Allocation</b>	<b>\$</b>	<b>3,548,778</b>
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**May 25, 2004 Council Adjustments**

Public Safety Employee Compensation	\$	(236,356)
2% Salary Adjustment for City Employees	\$	(918,492)
2% Salary Adjustment for School Employees	\$	(1,148,366)
3 Cent reduction in Real Estate taxes	\$	(946,500)
25 cent reduction in Business Personal Property tax	\$	(225,000)
25 cent reduction in Personal Property tax	\$	(715,000)
Restore Council Salary Increases	\$	(27,508)
Reduce Schools Allocation for VRS savings	\$	700,000
<b>Revised Balance</b>	<b>\$</b>	<b>31,556</b>

**June 8, 2004 Council Adjustments**

20 cent increase in Personal Property tax	\$	572,000
20 cent increase in Business Personal Property tax	\$	180,000
Increase funding to schools	\$	(700,000)
Adjustment to Commissioner of Revenue Salaries Offset by Revenues		<b>0</b>
<b>Revised Balance</b>	<b>\$</b>	<b>83,556</b>

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